



Natural Energy Utility Corporation

2560 Hoods Creek Pike • Ashland, Kentucky 41102

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

RECEIVED

August 30, 2006

SEP 0 1 2006

Case #: 2006-00???

PUBLIC SERVICE
COMMISSION

Case No. 2006-00397

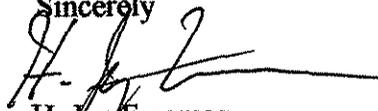
Dear Ms. O'Donnell

Please be advised that Natural Energy Utility Corporation (NEUC) has acquired the assets of American Natural Gas Corporation (ANGC) pursuant to the Order issued in Case # 2002-00050. NEUC is adopting the Rules, Rates and Regulations enforced by ANGC pursuant to Administrative Regulation 807 KAR 5:011, Section 15(6).

Natural Energy Utility Corporation is filing its quarterly gas cost report with the Kentucky PSC. The enclosed report has a case number of 2006-00???. The calculated gas cost recovery rate enclosed in this report is \$6.8402 and the base rate is \$4.24. The minimum billing rate starting October 1, 2006 should be \$11.0802 for all MCF.

Thank you for your cooperation and please call me if you have any questions.

Sincerely



H. Jay Freeman
President

Enclosure



FOR Entire Service Area

P.S.C. KY. NO. 2002-00192

ORIGINAL SHEET NO. 2

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. Q

SHEET NO. R

RULES AND REGULATIONS

2) **RATES:**

The following rates are applicable for service rendered on a monthly basis:

Minimum bill: \$11.0802 - covers 0-1 MCF

Cost Per MCF: \$11.0802

A copy of the Company's billing format is attached on Sheet 21.

2(A) Any customer complaining to the Company about a bill or service shall be notified of his right to file a complaint with the PSC and with all other information required by 807 KAR 5:006(9).

3) **CUSTOMER CLASSIFICATIONS:**

Residential: Service to customers who consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.

Commercial: Service to customers engaged primarily in the sale of goods or service including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation.

a) Small Commercial: up to 50MCF/day

b) Large Commercial: more than 50MCF/day

DATE OF ISSUE 05/20/02 DATE EFFECTIVE 10/01/06
MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY H. JAY FREEMAN MGR. President
NAME OF OFFICER TITLE

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

| COMPONENT | UNIT | AMOUNT |
|-------------------------------------|--------|------------|
| EXPECTED GAS COST ADJUSTMENT (EGCA) | \$/MCF | \$7.0759 |
| + REFUND ADJUSTMENT (RA) | \$/MCF | \$0.0000 |
| + ACTUAL COST ADJUSTMENTS (ACA) | \$/MCF | (\$0.2357) |
| = GAS COST RECOVERY RATE (GCRR) | \$/MCF | \$6.8402 |

GCRR to be effective for service rendered from July 1 to September 30, 2006

| A. | EXPECTED GAS COST CALCULATION | UNIT | AMOUNT |
|----|--|--------|--------------|
| | TOTAL EXPECTED GAS COST (SCHEDULE II) | \$ | \$578,500.00 |
| | / SALES FOR THE 12 MONTHS ENDED _____ Jun-06 | MCF | 81,756 |
| | <hr/> = EXPECTED GAS COST ADJUSTMENT (ECA) | \$/MCF | \$7.0759 |

| B. | REFUND ADJUSTMENT CALCULATION | UNIT | AMOUNT |
|----|--|--------|--------|
| | SUPPLIER REFUND ADJUSTMENT FOR REPORTING PERIOD(SCH.III) | \$/MCF | \$0.00 |
| | + PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT | \$/MCF | \$0.00 |
| | + SECOND PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT | \$/MCF | \$0.00 |
| | + THIRD PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT | \$/MCF | \$0.00 |
| | = REFUND ADJUSTMENT (RA) | \$/MCF | \$0.00 |

| C. | ACTUAL COST ADJUSTMENT CALCULATION | UNIT | AMOUNT |
|----|---|--------|------------|
| | ACTUAL COST ADJ. FOR THE REPORTING PERIOD (SCH. IV) | \$/MCF | (\$0.0137) |
| | + PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT | \$/MCF | (\$1.1143) |
| | + SECOND PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT | \$/MCF | \$0.6620 |
| | + THIRD PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT | \$/MCF | \$0.2303 |
| | = ACTUAL COST ADJUSTMENT (ACA) | \$/MCF | (\$0.2357) |

SCHEDULE II

EXPECTED GAS COST ADJUSTMENT

| ACTUAL * MCF PURCHASES FOR 12 MONTHS ENDED (1) | (2) | Jun-06 (3) BTU CONVERSION FACTOR | (4) MCF | (5) RATE | (6) (4)*(5) COST |
|---|--------|--|------------|-------------|------------------------|
| North Coast Energy | 0 | 1.0740 | 0 | \$5.500 | \$0 |
| MARATHON PETROLEUM CORP. | 87,550 | 1.0300 | 85,000 | \$6.500 | \$552,500 |
| TENNESSEE GAS PIPELINE | 0 | 1.0300 | | \$0.000 | \$0 |
| COLUMBIA GAS | 0 | 1.1000 | | \$0.000 | \$0 |
| COASTAL GAS MARKETING | 0 | 1.1000 | | \$0.000 | \$0 |
| COASTAL GAS MARKETING | 0 | 1.1000 | | \$0.000 | \$0 |
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| COASTAL GAS MARKETING | 0 | 1.1000 | | \$0.000 | \$0 |
| COASTAL GAS MARKETING | 0 | 1.1000 | | \$0.000 | \$0 |
| COASTAL GAS MARKETING | 0 | 1.1000 | | \$0.000 | \$0 |
| KOG | 0 | 1.1000 | 0 | \$0.000 | \$0 |
| <i>ADJUSTMENT FOR ANTICIPATION OF DECREASED PURCHASE REQUIREMENTS</i> | | | | | |
| MARKETER | 0 | 1.0350 | 0 | \$0.00 | \$0 |
| TOTALS | 87,550 | 1.0300 | 85,000 | \$6.50 | \$552,500.00 |

| | UNIT | AMOUNT |
|--|--------|--------------|
| TOTAL EXPECTED COST OF PURCHASES (6) | \$ | \$552,500.00 |
| / MCF PURCHASES (4) | MCF | 85,000 |
| = AVERAGE EXPECTED COST PER MCF PURCHASED | \$/MCF | \$6.5000 |
| * ALLOWABLE MCF PURCHASES (MUST NOT EXCEED MCF SALES / .95) | MCF | 89,000 |
| = TOTAL EXPECTED GAS COST (TO SCHEDULE IA.) | \$ | \$578,500.00 |

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

DETAILS FOR THE 9 MONTHS ENDED

Jun-06

| PARTICULARS | UNIT | AMOUNT |
|---|--------|--------|
| TOTAL SUPPLIER REFUNDS RECEIVED | \$ | \$0.00 |
| + INTEREST | \$ | \$0.00 |
| = REFUND ADJUSTMENT INCLUDING INTEREST | \$ | \$0.00 |
| / SALES FOR 12 MONTHS ENDED | MCF | 81,756 |
| | Jun-06 | |
| = SUPPLIER REFUND ADJUSTMENT FOR THE REPORTING PERIOD | | \$0.00 |

SCHEDULE IV
ACTUAL ADJUSTMENT

| For the 3 month period ended: | Jun-06 | Unit | (Apr-06) | (May-06) | (Jun-06) |
|---|--------|--------|------------|--------------|--------------|
| Particulars | | | | | |
| Total Supply Volumes Purchased | | Mcf | 4,300 | 4,000 | 2,750 |
| Total Cost of Volumes Purchased | | \$ | \$30,978 | \$26,196 | \$17,801 |
| Total Sales (may not be less than 95% of supply volumes) | | Mcf | 4,186 | 3,868 | 2,689 |
| Unit cost of Gas | | \$/Mcf | \$7.4005 | \$6.7726 | \$6.6199 |
| EGC in effect for month | | \$/Mcf | \$7.0830 | \$7.0830 | \$7.0830 |
| Difference [(Over-)/Under-Recovery] | | \$/Mcf | \$0.3175 | (\$0.3104) | (\$0.4631) |
| Actual sales during month | | Mcf | 4,186 | 3,868 | 2,689 |
| Monthly cost difference | | \$ | \$1,329.05 | (\$1,200.64) | (\$1,245.16) |

| | Unit | Amount |
|---|--------|--------------|
| Total cost difference (Month 1 + Month 2 + Month 3) | \$ | (\$1,116.75) |
| Sales for 12 Months ended | Mcf | 81,756 |
| Actual Adjustment for the Reporting Period | \$/Mcf | (\$0.0137) |